



## Rail Involvement by the Oklahoma Department of Transportation (ODOT)

The Oklahoma Department of Transportation serves in a number of roles related to railroads and railroad related activities. ODOT manages the leases with five different railroad companies operating on state owned track, administers the Federal Highway Administration's Grade Crossing Safety Program which provides funding to make safety improvements to Oklahoma's nearly 3800 at-grade public railway/road intersections, manages Oklahoma's Heartland Flyer passenger rail service which is one of Amtrak's highest-rated trains for customer satisfaction, serves as a liaison between ODOT and rail companies for ODOT projects which involve railroads or railroad property, and explores federal funding opportunities to grow and improve Oklahoma's passenger and freight rail systems.

Over the years, the Department has developed public-private partnerships with many Class III and Class I railroads to lease the majority of what was once an 882 mile system of state owned track, in order to continue rail freight service for many Oklahoma communities and businesses. Two of the leases were developed as long term lease-to-purchase agreements, intended to eventually return those facilities to private ownership. Following the maturation of these 30 year agreements, more than 350 miles of the State owned rail system was returned to private ownership in 2013, thus reducing total ownership.

In August 2014, ODOT and the Stillwater Central Railroad completed a \$75 million sale of the Sooner Sub rail line between Midwest City and Sapulpa. The sale of this 97.5 mile line was the culmination of a 180 day process put into place in 2013 by the State Legislature. Commitments included in the sale call for plans to introduce a pilot program for passenger-rail service, dubbed the "Eastern Flyer" connecting Midwest City and Sapulpa.

With the sale of the Sooner Sub rail line, ODOT announced a \$100 million initiative to improve safety at railroad crossings statewide. State budget reductions in 2016 have subsequently limited the program to \$75 million. Since kicking off the safety improvement program in October of 2015, the Transportation Commission has approved more than 175 crossing improvement projects statewide, which will add flashing light signals and crossing gate arms to many of these crossings. Federal funding, as well as funds provided by railroad companies and the local entities will also be used in completing the program.

Freight traffic continues to be the main source of railroad activity in the state. An estimated 287.5 million tons of freight flows through the state each year, with many rail lines carrying 50 to 100 trains a day. Rail freight traffic will experience significant growth over the next few decades with the number of trains on some corridors expected to double over the next 20 years. The largest growth in freight traffic per day is expected on the BNSF Railway in the northern part of the state.



## **Rail Programs Division of the Oklahoma Department of Transportation**

Established in 1989, Rail Programs Division oversees the state's interests in the 3,599 miles of rail that run across Oklahoma. The Division is responsible for acquiring and administering federal and state funds used to support operation of the Heartland Flyer passenger service, highway construction projects affecting railroad property, railroad crossing safety improvements, and maintenance of the state-owned rail lines. The Division is comprised of five sections - Safety; State-owned Rail Line Management; Construction; Federal Programs; and Passenger Rail.

### **ODOT Rail Safety Program**

The Rail Programs Division Safety Section works with all railroads active in Oklahoma and the Oklahoma Corporation Commission, as well as the counties and communities in which the railroads operate, to actively pursue actions that lead to direct improvements for Oklahoma's citizens. The ODOT Rail Safety Program is comprised of three primary focuses—single high priority rail crossing locations, statewide minimum rail safety standards projects, and rail corridor safety improvements. These programs aim to either improve on-the-ground safety conditions or close and eliminate highly active railroad crossings that rise to the top of the annual ranking and inspection reports. Through a combination of annual OK.RAIL crossing database reporting results and the field-based diagnostic team inspections, the ODOT Rail Programs Safety Section can identify the crossings most in need of attention. This program has been modified to incorporate the \$75 million initiative to improve safety at railroad crossings statewide.

### **The State-owned Rail Construction and Maintenance Work Plan**

The *State-owned Rail Construction and Maintenance Work Plan* is funded through the *Railroad Maintenance Revolving Fund* established through the passage of the *Railroad Rehabilitation Act* in 1978. Funding comes from both the Oklahoma Freight Car Tax and from the lease-purchase agreements with rail operators in the state. Annual contributions to the fund historically have been approximately \$1.8 million per year, but due to recent state-owned rail line lease maturities and sales, this figure has drop significantly. Funded projects are, and will continue to be, identified from applications submitted through the *Railroad Rehabilitation Act* Loan Program, discussions with state rail lessees, as well as the State Rail Plan. Projects are prioritized based on safety considerations and infrastructure deficiencies.

The following are considered:

- ◆ Track condition
- ◆ Rail structure condition
- ◆ Annual tonnage transported
- ◆ Anticipated percentage of truck traffic reduction
- ◆ Capacity
- ◆ Rail highway safety
- ◆ National freight transportation trends

### **Transportation Investment Generating Economic Recovery (TIGER) Grant Awards**

Rail Programs Division worked with a number of partners to develop the following successful applications:

- ◆ Great Plains Freight Rail TIGER II (co-op with KDOT-ODOT) (TOTAL PROJECT COST: \$22,500,147.00). This project improved capacity on the South Kansas and Oklahoma Railroad Company (SK&O) rail line to the Port of Catoosa.
- ◆ Sayre to Clinton TIGER III project (TOTAL PROJECT COST: \$8,456,580.00). This project greatly increased freight rail capacity for Farmrail Corporation (FMRC) in western Oklahoma.
- ◆ Eric to Sayre TIGER V project (TOTAL PROJECT COST: \$2,621,700.00). This project has greatly increased freight rail capacity between Texas and western Oklahoma.

# RAIL FREIGHT MOVES THROUGH OKLAHOMA

Rail freight traffic volumes are the heaviest in the corridor on the Burlington Northern Santa Fe Railway (BNSF) line in the northwestern part of the state, with 50 to 100 trains per day and on the north-south BNSF route in the central part of the state both carrying between 50 and 100 trains per day. The next highest train traffic volumes are shown on the Union Pacific Railroad (UP) lines, one parallel to US 81 flowing north to south through the central part of the state, and another northeasterly on a line from Dallas to the Oklahoma-Missouri- Arkansas corridor.

Rail freight traffic is projected to experience significant growth over the next few decades. The number of trains on some corridors is expected to double over the next 25 years, and the largest growth in freight traffic per day is expected on the BNSF line in the northern part of the state. Rail flows to, from, and within northeastern Oklahoma are expected to see strong growth as well, boosted by gains in exports from the Tulsa area to Arkansas and Missouri.

In addition to the BNSF and the UP, the Kansas City Southern Railway Company is the third Class I railroad operating in Oklahoma. Additionally, Oklahoma has 22 Class III carriers.



Sources: Surface Transportation Board Waybill Data and IHS Global Insight



## Passenger Rail Transportation in Oklahoma

The *Heartland Flyer* is a favorite among passengers. The route between the Santa Fe Depot in Oklahoma City and the Fort Worth Intermodal Transit Center is 206 miles in length. Intermediate stops on the route are Norman, Purcell, Pauls Valley, and Ardmore in Oklahoma, and Gainesville in Texas. The *Heartland Flyer* is a state-sponsored Amtrak-operated train with Texas and Oklahoma sharing support of this service, with Texas becoming a co-sponsor of the train in 2006. The southbound *Heartland Flyer* is designated as Amtrak train #821 with the northbound being #822.



The train departs Oklahoma City at 8:25 a.m., arriving at Fort Worth mid-day. The train returns to Oklahoma City in the evening. The *Heartland Flyer* operates daily. Under Section 403(b)3 of the Rail Passenger Service Act (RPSA), states and other governmental agencies are permitted to partner with Amtrak to operate passenger trains of local interest. Under these provisions, Amtrak operates the service but is reimbursed a reasonable share of the service's loss by the sponsor. *Reasonable share* was defined as two-thirds of the operating deficit in the original act. In Amtrak reform legislation of 1997, the two-thirds provision was revised to a negotiated amount. Current Amtrak policy is to charge 100 percent of deficits to the sponsor. Passenger Rail Investment and Improvement Act of 2008 (PRIIA) further refined the local sponsorship provisions by requiring Amtrak to establish a "standardized methodology for establishing and allocating the operating and capital costs" for the locally sponsored services.

Oklahoma established the *Heartland Flyer*, operating between Oklahoma City and Fort Worth, under the provisions of the Rail Passenger Service Act (RPSA) and its subsequent revisions. Operations commenced on June 14, 1999. With ridership steadily increasing since 1999, in November of 2013 the *Heartland Flyer* welcomed its ONE MILLIONTH RIDER!

### KEY MILESTONES

- ◆ Reached the 1 Millionth Rider in November 2013
- ◆ Ridership currently averages over 67,000 riders a year
- ◆ Recipient of AMTRAK'S highest honor, the "Champion of the Rails" award in November 2008 for system-wide excellence in Leadership, Creativity, Safety, and Quality also the 2010 AMTRAK Presidents service and safety award
- ◆ Highest "Customer Satisfaction Index" in AMTRAK history, receiving a perfect 100 in March 2009



## History and Current Status of Previous Rail Line Acquisitions

### Hydro-Elk City

In November 1981, the Department acquired 62.4 miles of former Chicago, Rock Island and Pacific Railroad (CRI&P) between Hydro and Elk City for \$3,100,000. These properties are leased to the Farmrail Corporation (FMRC) under a long-term lease and operating agreement. The segment between Weatherford and Hydro is presently not in operation because of infrastructure damage that occurred in 1987. The damages include several track washouts west of Hydro which are anticipated to require a significant investment to become operational.



### Altus-Devol

In June 1982, the Department acquired 61.02 miles of abandoned Missouri-Kansas-Texas Railroad (MKT) between Altus and the Oklahoma/Texas State line south of Devol in Cotton County, for \$811,000. This was a joint Federal-State purchase with 80% of the funding provided through a Federal grant program. This line was originally operated by the MKT Railroad under a long-term lease agreement. In November 1988, the MKT Railroad was acquired by the Union Pacific Railroad (UP) and the operating agreement was re-assigned to the UP. In January 1991, by mutual agreement, the lease and operating agreement between the Department and the UP terminated. Concurrent with the termination of that agreement, a long-term lease and operating agreement was executed between the Department and the Wichita, Tillman and Jackson Railway Company (WT&J). The WT&J was a new company



established for the sole purpose of operating and managing this specific line, as well as a short segment of the Oklahoma, Kansas and Texas Railway Company (OKT) line between Waurika and Walters. The WT&J purchased the Altus to Devol route from the State at the end of 2010, returning 61.02 miles to private ownership.

### OKT Properties

In October 1982, the Department acquired 350.93 miles of the bankrupt CRI&P Railroad for \$15,000,000. The lines purchased are generally referred to as the OKT Properties and included the former north-south mainline of the CRI&P from the Kansas State line, south through Enid, El Reno, Chickasha, Duncan, and Waurika, to the Texas state line; the east-west CRI&P mainline between El Reno and Oklahoma City, and the branch line loop through Chickasha, Anadarko, Lawton, and Waurika. These lines were initially operated and managed under a long-term lease-purchase and operating agreement by the Oklahoma, Kansas and Texas (OKT) Railroad Company, a subsidiary of the MKT. In November 1988, MKT/OKT Railroad Companies were acquired by the UP and the lease-purchase and operating agreement assigned to the UP as the successor to the MKT/OKT. This lease-purchase operating agreement was complete in March 2012, returning these properties to private ownership by the UP. In December 1987, a 15.5 mile segment of the OKT properties between Lawton and Walters (a component of the Lawton branch line) was abandoned and the material salvaged, effectively reducing the OKT properties from 350.93 miles to 335.43 miles. In January 1991, the Department agreed to allow UP to sublease the operation and management of the 23.9 mile Waurika to Walters branch line, a component of the original OKT properties, to the Wichita, Tillman and Jackson Railway Company (WT&J). This line was a component of the UP/ OKT lease-purchase agreement and is currently owned by the UP.



## History and Current Status of Previous Rail Line Acquisitions (continued)

### El Reno-Hydro

In July 1983, the Department acquired 37.6 miles between El Reno and Hydro from the former CRI&P Railroad for \$1,700,000. Twenty miles of this line, from El Reno to Geary, is operated by the Austin, Todd and Ladd Railroad Company (AT&L) under a long-term lease-purchase agreement that completed in 2013. The AT&L is owned by



Wheeler Brothers Grain Company, headquartered in Watonga and has leased, with the option to purchase, 17 miles of the former CRI&P line between Geary and Watonga. The lease-purchase agreement facilitates the contiguous operation of those segments. An operating agreement executed between the Department and the AT&L on May 14, 1986, extended AT&L operations on an additional 9.5-mile contiguous segment of the former CRI&P line between Geary and Bridgeport. This agreement expanded AT&L operations on state-owned line to 29.5 miles through 2013. In 2013, the AT&L completed an ongoing lease-purchase agreement for the 20 miles between El Reno and Geary and will continue to operate the 9.5 mile between Geary and Bridgeport under a lease operating agreement. Currently a segment of this line from Hydro east to

the Canadian River, in addition to the previously noted segment from Weatherford to Hydro, is not in operation because of structural damage, most of which occurred in 1987. This segment is presently the longest segment of state owned property that is not operable. The rehabilitation of this route has been postponed pending additional economic and engineering evaluation.

### Elk City-Erick

In May 1985, the Department acquired 27.05 miles between Elk City and Erick, for \$324,000 from the CRI&P. Farmrail Corporation (FMRC) currently operates this line under a long-term lease agreement. A segment of the line between Erick and the Texas State line were previously abandoned and the tracks removed.

### McAlester-Howe

In February 1986, the Department acquired 69.6 miles of the former CRI&P between McAlester and Howe for a total cost of \$2,778,406. This line was initially operated by the MKT Railroad under a long-term lease and operating agreement, which included an option for the operator to purchase the property for the state's original purchase price any time during the term of the lease. In November 1988, the Union Pacific Railroad (UP) assumed the lease and corresponding operating agreement through the acquisition of the MKT Railroad Company. The UP continued operating the line until February 1996, when the lease and operating agreement were reassigned to the newly formed Arkansas-Oklahoma Railroad Company (AOK). The AOK operated the line under the authority of the UP until June 1998. The continued operation by a Class III operator (AOK) was contingent on how well the original contractual obligations were met. The original obligations of the operating agreement were reassigned to the UP in conjunction with the UP/MKT merger. After the interim period following the merger, the operation of this line was officially assigned to the AOK as the successor to the MKT in 1998. The operating criteria for this line remain the same as those executed in the original MKT operating agreement in 1986. A contiguous segment of the original CRI&P line from Howe to the Arkansas State line (approximately 11.1 miles) was previously abandoned and then removed.



### Thomas-Elmer

In December 1992, the Department acquired 89.32 miles of the Atchison, Topeka and Santa Fe Railway "Orient" Line between Thomas and Elmer for \$1,195,965. This line was operated by the FMRC under a lease purchase agreement that returned the line to private ownership 2013.

## History and Current Status of Previous Rail Line Acquisitions (continued)

### OKC-Tinker Line

In May 1995, the Department acquired five miles from eastern Oklahoma City limits to Tinker Air Force Base in Midwest City for \$350,000 from Atchinson Topeka and Santa Fe Railway Company (AT&SF). This line is currently under a long-term track lease and operating agreement with the South Kansas and Oklahoma Railroad Company (SK&O). The original agreement was executed in December 1995; however, actual operation was not initiated immediately because the BNSF had removed a crossing diamond, which had ultimately prohibited access to the Midwest City line.



### Blackwell-Kansas State Line

In September 1997, the Department acquired 17 miles from Blackwell, north to the Kansas State line for \$460,000. This purchase is part of a joint effort with the Blackwell Industrial Authority, which purchased a contiguous segment of the line that extends 17 miles into the State of Kansas, terminating in Wellington. The "Blackwell Line" was originally owned and operated by the ATSF and was seriously in danger of abandonment. The state-owned segment was originally operated under a long-term lease and operating agreement between the Department and the SK&O. The Blackwell and Northern Railroad Company, Inc. (BNGR) assumed operation of the line. A five year lease operating agreement was renewed in 2011, extending operations through December 2016.



## History and Current Status of Previous Rail Line Acquisitions (continued)

### OKC – Sapulpa & Stillwater - Pawnee

In February 1998 the Department acquired two rail lines from the Burlington Northern Santa Fe Railroad Company. The first line extends 22.21 miles from Stillwater in Payne County, to Pawnee in Pawnee County. The second line runs 97.5 miles east of Oklahoma City to the western edge of Sapulpa. Both segments were purchased from the BNSF for \$6,550,000, utilizing funds allocated from the Railroad Maintenance Revolving Fund (RMRF). An advertised search for an operator from OKC to Sapulpa resulted in the selection of the Stillwater Central Railroad Company (SLWC/SKOWATCO) to manage and operate both rail lines. In August 2014, ODOT and the Stillwater Central Railroad completed a \$75 million sale of the Sooner Sub rail line between Midwest City and Sapulpa. The sale of this 97.5 mile line was the culmination of a 180 day process put into place in 2013 by the state legislature.

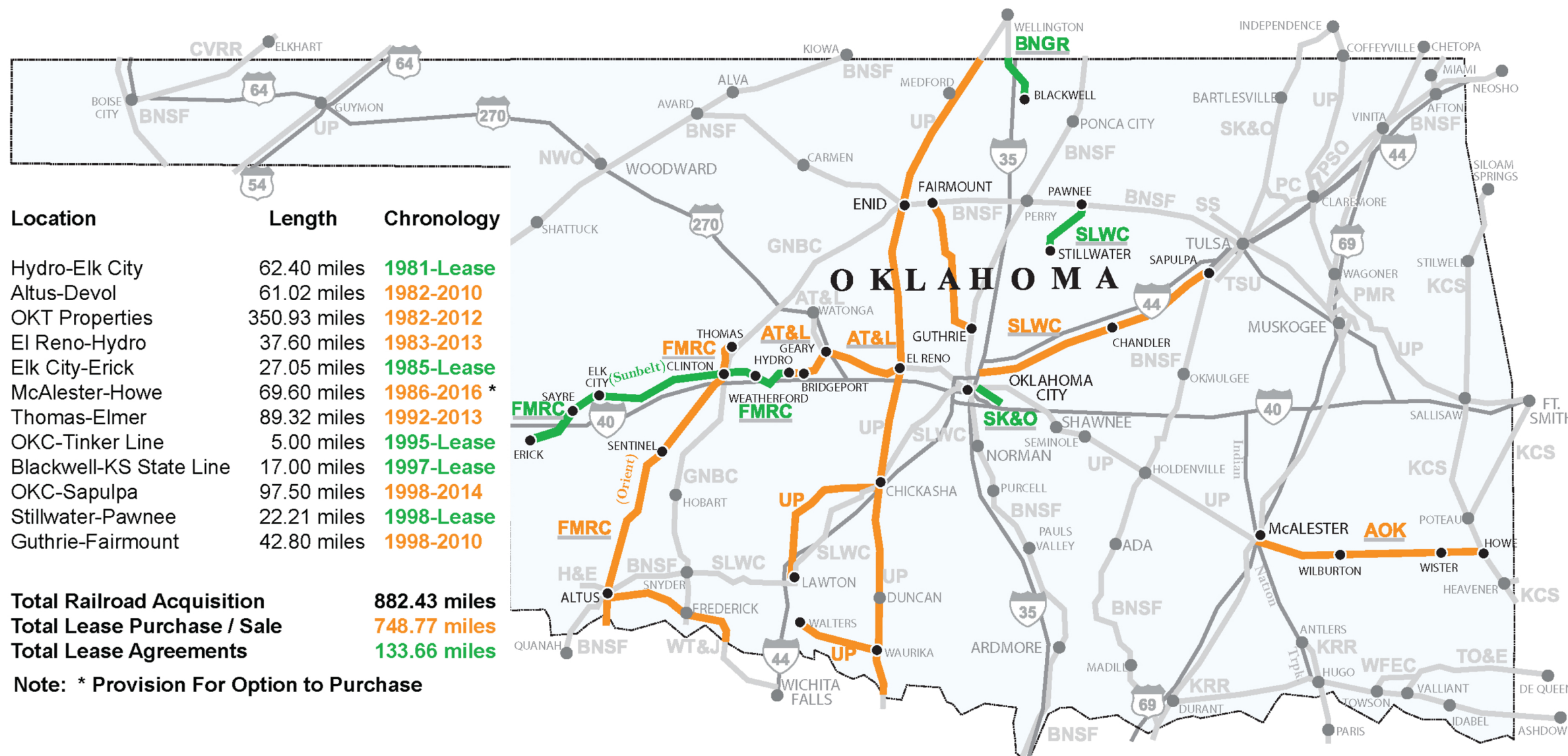


### Guthrie - Fairmont

In October 1998, the Department acquired 42.8 miles of track from the BNSF, extending from Guthrie in Logan County to Fairmont in Garfield County, for \$2,600,000. The City of Guthrie was originally given a two-year period beginning January 1, 1999, to secure an operator. The original agreement indicated that if operations could not be implemented during the specified period, the state would salvage the line and recover the original investment. Several time extensions were granted while attempting to secure an operator, however, the line remained inactive since being purchased by the state in 1998. Subsequently, the line was sold to Montoff Transportation in 2010.

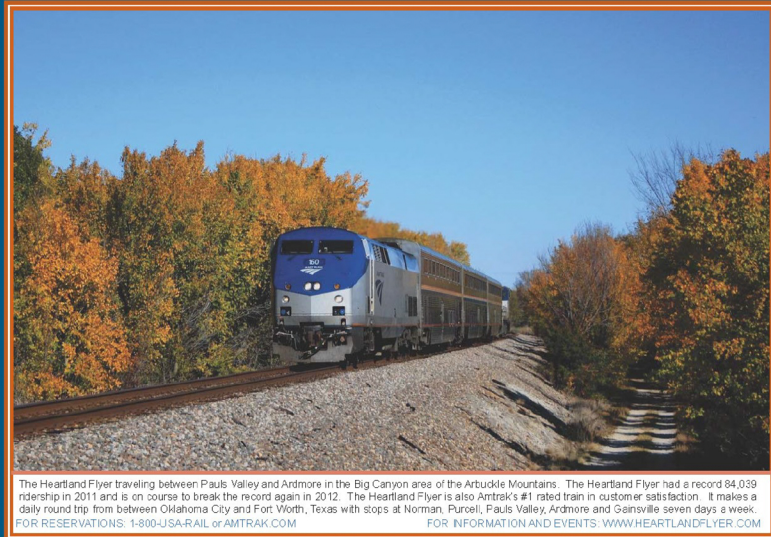
## Rail Line Acquisitions and Dispositions

This map summarizes the Department's acquisition and disposition activities as related to rail lines.





# OKLAHOMA 2014-2015 STATE RAILROAD MAP



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SYMBOL		CLASS I RAILROADS		MILEAGE#		SYMBOL		CLASS III RAILROADS		MILEAGE#		SYMBOL		CLASS I RAILROADS		MILEAGE#	
	BNSF	BNSF RAILWAY	1,475		SLWC	STILLWATER CENTRAL RAILROAD	240 (23)		AOK	ARKANSAS-OKLAHOMA RAILROAD	70 (70)		H&E	HOLLIS & EASTERN RAILROAD	14		STATE OWNED* (Non-Operating) (11)
	UP	UNION PACIFIC RAILROAD	921		GNBC	GRAINBELT CORPORATION	186		AT&L	AUSTIN, TODD & LADD RAILROAD	46 (29)		PSO	PUBLIC SERVICE OF OKLAHOMA	11		LEASED FROM THE STATE OF OKLAHOMA (Underlined)
	KCS	KANSAS CITY SOUTHERN RAILWAY *	139		FMRC	FARMRAIL CORPORATION	179 (69)		TO&E	TEXAS, OKLAHOMA & EASTERN RR.	46		SS	SAND SPRINGS RAILWAY	10		(BNSF) OPERATED BY TRACKAGE RIGHTS AGREEMENT
	CITIES AND STATIONS		MCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM		KRR	KIAMICHI RAILROAD	157		CVRR	CIMARRON VALLEY RAILROAD	30		TSU	TULSA SAPULPA UNION RAILWAY	10		AMTRAK SERVICE - HEARTLAND FLYER STATIONS
	PRINCIPAL HIGHWAYS		WT&J		PC	TULSA'S PORT OF CHOCTOHA	20		BNGR	BLACKWELL NORTHERN GATEWAY RR*	17 (17)		NWO	NORTHWESTERN OKLAHOMA RR.	7		RAILWAY MUSEUM OR DEPOT RESTORATION PROJECT
	COUNTY SEATS		MAJOR INDUSTRIAL PARK SPUR		WFEC	WESTERN FARMERS ELEC. CORP.	14		ORIN	OKLAHOMA RAILWAY MUSEUM	4		GRAIN ELEVATOR		TRANSLOAD FACILITY		INDUSTRIAL BUSINESS PARKS

\* Mileage figures indicate total mainline miles operated  
 \* Includes usage by Fort Smith & Van Buren Railway and the Arkansas Western Railway  
 \* State owned track: mileage in parenthesis (212 operating miles)  
 \* For more information: www.oda.state.ok.us



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